

MINUTES
REGULAR PENSION BOARD MEETING
CITY OF HOLLYWOOD EMPLOYEES' RETIREMENT FUND
THURSDAY, July 26, 2018 at 9:00AM

1. CALL TO ORDER

Chair Shaw called the meeting to order at 9:05a.m.

2. ROLL CALL AND PLEDGE OF ALLEGIANCE

Board Members present: Chair Phyllis Shaw, Vice Chair Jeffery Greene (arrived at 9:07a.m.), Secretary Robert Strauss, Christopher Cassidy, George Keller, and Cintya Ramos. An attempt to allow Charles Howell to participate telephonically was unsuccessful.

Also present: Executive Director Christine Bailey; Keith Reynolds of Segal Marco; and Ronald Cohen and Brent Chudachek of Rice Pugatch Robinson Storfer & Cohen.

a. July 26, 2018 Regular Board Meeting Agenda

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to approve the July 26, 2018 Regular Board Meeting Agenda as presented. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

3. CONSENT AGENDA

- a. June 28, 2018 Regular Meeting Minutes
- b. Ratification of Distributions (Contributions and DROP) and Plan Expenses
- c. Approval/Ratification of New Retirements/DROP/Vested/Death Annuities

Trustee Cassidy requested that item 3b. be pulled. He questioned the refund calculation of J. Reyes. The Board requested that the Attorney, Actuary and Executive Director review the calculation and determine if it is consistent with the refund language in the City Ordinance.

MOTION made by Trustee Greene, seconded by Trustee Strauss, to approve Consent Agenda Item 3a. and 3c. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

4. FINANCIAL

There were no financial reports presented. Trustees expressed their concern that no recent statements have been presented and the need for more current information to be submitted to the Board. **MOTION** made by Trustee Cassidy, seconded by Trustee Strauss to hire an accountant for 2 days to prepare updated financial statements. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

5. INVESTMENT (Keith Reynolds – Segal Marco)

a. Annual Investment Policy Update
Mr. Reynolds provided Trustees with an updated Investment Policy.

b. SMID Cap Growth Manager
Mr. Reynolds presented the SMID Cap Growth Search and provide with managers for consideration. **MOTION** by Trustee Strauss to commit \$10 million to Amalgamated Bank was not seconded. **MOTION** made by Trustee Greene to hold a separate meeting for the presentation and selection of the SMID managers was not seconded. **MOTION** made by Trustee Cassidy, seconded by Trustee Strauss to terminate Frontier and move the monies to Northern Trust SMID Index. **Motion** passed 6-0. Trustees discussed the establishment of an Investment Committee.

Segal will provide additional detail on the SMID Cap Growth Managers prior to the Board's decision to select a new manager.

c. Flash Report June 2018

Mr. Reynolds provided the Board with the Flash Report for June 2018 for review. He noted the underperformance of Brandes and Frontier. He noted that the fund was up 4% fiscal year to date.

d. 2018 Work Plan

Mr. Reynolds provided the 2018 Work Plan for review. He noted that he will not be available at the September meeting. The Brandes presentation was changed to an update and the Custodian Presentation was changed to a Custodian Fee presentation.

6. LEGAL (Ron Cohen – Rice Pugatch Robinson Storfer & Cohen)

a. Rent-A-Center Litigation

Mr. Cohen updated the Board on the Rent-A-Center Litigation. He advised that the parties were in mediation, though not court ordered. He advised that the Board was unable to provide a minimum settlement as there was not enough time to set up an executive session and the Board can only settle a lawsuit in open session. He advised that once a settlement is reached, it will have to be presented and approved at a public meeting.

b. Update on City of Hollywood v. City of Hollywood Employees' Retirement Fund

Mr. Cohen reported that there has been some activity in developing a path forward with resolving the lawsuit. He noted that he and Ms. Bailey met with Mr. Keller, Assistant City Manager, Mr. Gonzalez, City Attorney and Mr. Fallik, Assistant City Attorney and that the meeting was productive. He provided the City representatives with his last communication which included the proposal for future supplemental benefits payments and the payment of the 2012 supplemental checks. He also advised the representative that the Board would not be granting any further extensions of the process.

He reported that Mr. Gonzalez stated that he had a better understanding of the process. Mr. Cohen noted that the proposal changes the benefit structure and that he recommended that the City reach out to Mr. Bolton, President of the Retirees Association and Mr. Weiner, the Attorney for the Union representing the Active members. He noted that the City agreed to set up another meeting and invited all representatives to attend.

Trustee Keller noted that the City intends to seek an end to the 164 process at the August 29th City Commission meeting which needs a supermajority vote. He noted that the proposed settlement was provided by Police and Fire and was accepted, unchanged by the City but there has been no movement on a settlement. He stated that the City is willing to move forward with settlement discussions with the General Fund.

c. Communication from the Florida Department of Management Services.

Mr. Cohen advised that he received communications from the Florida Department of Management Services stating that the plan was not in compliance. He noted that the pre-funding of the supplemental benefit had been added to the Valuation. He noted that he will work with Ms. Bailey to send communications be sent to the State and City to explain and make them aware of the facts.

d. Supplemental Pension Distribution 2012

Mr. Cohen noted that there was sufficient return to trigger the payment of a 13th Check. There was no funding or prefunding for the payment. After communications with the Mr. Brinkman, of the Florida Department of Management Services the Board decided not to pay the 13th check at that time. In his letter to the City, Mr. Cohen included a request to resolve the payment of the 2012 13th check. He advised the Board that he was now dealing directly with Mr. Gonzalez rather than going through the City's outside counsel. With regard to the question of whether the Board should proceed with the payment of the 2012 13th check, Mr. Cohen requested additional time before answering. Trustee Cassidy requested that Mr. Cohen review all the actuarial reports.

Trustee Keller advised that the State has not provided Chapter 175/185 of over \$10 million dollars, and has threatened to withhold the governmental sharing revenue. He stated that the City is willing to settle with all that are willing. Mr. Cohen advised that the City appears to be proceeding in good faith.

Trustee Strauss requested the written settlement proposal.

e. Status of Angelo Gordon Realty Value Fund X Contract Documents

Mr. Cohen advised that contract documents were okay. He noted that the agreement contained a side letter dealing with confidentiality which is affected by Florida's very broad public records law.

f. Request for Executive Session to Discuss Pending Litigation

Mr. Cohen requested that an Executive Session to discuss Pending Litigation with Rent-A-Center and City of Hollywood Florida v the City of Hollywood Employees Retirement Fund et al. He noted the conditions of the session. Trustee Keller offered to recuse himself if there is a perceived conflict of interest.

MOTION made by Trustee Cassidy, seconded by Trustee Strauss, to amend his prior motion to approve the July 26, 2018 Regular Board Meeting Agenda to add Item 6G – Order Granting the Application for Disability of Hilde Johnson. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

g. Order Granting the Application for Disability of Hilde Johnson

MOTION by Trustee Cassidy, seconded by Trustee Ramos to approve the order. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

7. ADMINISTRATIVE ISSUES

a. Staff Performance Evaluation

Trustees received the Evaluation forms for completion.

b. Proposed Extension of the Agreement with GRS Retirement Consulting

The Board received a proposal for an extension of the GRS contract. The Board requested that that the extension not include an automatic increase and that the electronic submission cost be reconsidered.

c. Payment Review Process

Ms. Bailey requested the process be simplified and the Board agreed to a more informal process. Trustee Strauss expressed concern about the difficulty in obtaining the required dual approvals on payments with only three signers,

especially since a signer be barred from approving payments to related to them self. **MOTION** made by Trustee Cassidy, seconded by Trustee Strauss to amend the policy to allow two (2) trustees to sign and approve invoices. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

d. City Commission Communication

The Board received the City Commission Communication.

e. Communications from the Executive Director

- Ms. Bailey advised the Board that we received communications from the Office of the Mayor and Commissioners of the reappointment of Charles Howell.
- Ms. Bailey advised the Board that there were two potential candidate for the full- and part-time positions in the office. She presented the proposed compensation package for both candidates.

MOTION made by Trustee Cassidy, seconded by Trustee Ramos to take the recommendation of the Executive Director to hire a Pension Coordinate within the range and with the benefit package provided at the meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

MOTION made by Trustee Strauss and seconded by Trustee Cassidy to advertise the part-time position with the benefits package provided at the meeting. In a voice vote by the members present, the **Motion** failed 2-4.

MOTION made by Trustee Keller, seconded by Trustee Greene to approve the salary and benefits package for the part-time position. In a voice vote by the members present, all members voted in favor. **Motion** passed 6-0.

- Ms. Bailey advised that the Financial Statement for the Fiscal Year Ended September 30, 2017 were complete.
- Ms. Bailey advised that the valuation data was incomplete as some of the calculations appeared incorrect and required review. She advise that she would be meeting with the Actuary to review the data. She advised that the Valuation Report would be completed 6-8 weeks after the valuation data was received by the Actuary.
- Ms. Bailey advised the Board that the Fiduciary Liability insurance expires October 1, 2018 and a new proposals would be provided to the Board.
- Ms. Bailey provided the Membership and Administrative reports.

8. **PUBLIC COMMENTS**

Public comment was made by: Richard Weiner.


9. **TRUSTEE REPORTS, QUESTIONS AND COMMENTS**

Trustee Cassidy advised the Board that he would not be in attendance at the August meeting and requested that he be excused. Trustee Keller requested that the Board considering reducing discussions. Trustee Cassidy requested that any materials being

discussed at the meeting be provided to the Board prior to the meeting. Trustee Keller recommended that the Trustees address their concerns with the Executive Director. Trustee Shaw emphasized that the Board sets the policies for the administration of the Pension Office and expects the Executive Director to manage the office. She also requested that the Board consider ESG, environmental, social and governance policies in their investment analyses and to create audit and investment committees.

10. ADJOURNMENT

MOTION made by Trustee Keller, seconded by Trustee Ramos, to adjourn the meeting. In a voice vote by the members present, **Motion** passed 6-0. Meeting adjourned at 1:15p.m.



Phyllis Shaw, Chair

Date 10/25/18